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## ***Kelvinator* MANAGEMENT**

### DIRECTORS

ANGUS DUNBAR, Q.C.  
Guelph, Ontario

ROY H. HOLDT  
Cleveland, Ohio

WILLIAM H. JOHNSON  
Cleveland, Ohio

NORMAN H. LEACH  
Waterloo, Ontario

JAMES M. PORTER  
Cleveland, Ohio

EDWARD S. REDDIG  
Cleveland, Ohio

PAUL F. SALIPANTE  
Kitchener, Ontario

WARD SMITH  
Cleveland, Ohio

### OFFICERS

President.....	PAUL F. SALIPANTE
Vice President and General Manager.....	DEREK POWELL
Vice President — Marketing.....	FRANK M. FLANAGAN
Secretary and Treasurer.....	CLAUDE LAFONTAINE

### SALES AND HEAD OFFICE

490 YORK ROAD  
Guelph, Ontario

### INDEPENDENT AUDITORS

ERNST & ERNST  
*Chartered Accountants*  
1080 Beaver Hall Hill  
Montreal 128, Quebec

### REGISTRAR

THE ROYAL TRUST COMPANY  
119 Adelaide Street West  
Toronto, Ontario

# **Kelvinator OF CANADA LIMITED**

and its wholly-owned subsidiary companies

## **REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED SEPTEMBER 30, 1971**

On behalf of the Board of Directors, I submit the Forty-sixth Annual Report of your Company for the fiscal year which ended September 30, 1971.

Net profit for 1971 before taxes on income and extraordinary items was \$6,204 compared with the pre-tax, pre-extraordinary loss of \$385,248 in 1970. After costs of maintaining idle plant and rental properties, the loss for 1971 was \$72,019 compared with a loss of \$774,531 in 1970.

Net earnings on sales were improved substantially over 1970, principally as the result of a substantial reduction in selling and administrative expenses and the reduction of idle plant costs and the disposition of a long-term leasehold on certain rental property. However, sales experience for the last six months of the year was also substantially improved over the same period of 1970 and earnings for the last six months showed a net profit of \$156,244 of which \$117,363 was from operations.

Reference to the balance sheet will demonstrate that your Company is in sound financial condition with an excellent current ratio and an obvious capacity to handle further expansion of its operations.

Results for the first quarter of 1972 have been published recently and show a continuation of the profitable operations achieved in the last half of fiscal 1971. Your management is devoting its full efforts toward continued improvement of the operation.

During the past year your Company's dealer and distributor network was broadened and a strong base for the distribution of the complete Kelvinator product line was established. Outstanding customer acceptance of the 1972 model line has been experienced at several recent regional showings.

Emphasis will be placed on the expansion of our dealer base in the major marketing areas, supported by a product oriented promotional plan to further increase your Company's sales to and share of the Canadian appliance market during the year.

It was with regret that we accepted the resignation of James O. Hughes who retired as a Director during 1971 and who had served the Company ably in this capacity since 1963.

On behalf of the Board

A handwritten signature in cursive script, reading "P. F. Salipante".

President.

Guelph, Ontario.  
February 14, 1972.



# **Kelvinator OF CANADA LIMITED**

(incorporated under the laws of Canada)  
and its wholly-owned subsidiary companies

## **CONSOLIDATED BALANCE SHEET SEPTEMBER 30, 1971**

(with comparative amounts at September 30, 1970)

### **ASSETS**

	<b>September 30,</b>	
	<b>1971</b>	<b>1970</b>
<b>CURRENT ASSETS</b>		
Cash including term deposits of \$500,000 in 1971 and \$300,000 in 1970 .....	\$ 300,086	\$ 300,000
Receivables:		
Trade accounts less allowance for doubtful accounts (1971 - \$217,000; 1970 - \$269,000) .....	2,586,180	2,169,307
Due from affiliated companies .....	687,147	783,210
Recoverable taxes on income — Note 3 .....	60,910	68,112
	<u>3,334,237</u>	<u>3,020,629</u>
Inventories — at lower of cost (first-in, first-out method) or market .....	1,492,653	1,493,930
Prepaid expenses .....	99,471	153,518
<b>TOTAL CURRENT ASSETS</b>	<u>5,226,447</u>	<u>4,968,077</u>
<b>PROPERTY, PLANT AND EQUIPMENT — Note 4</b>		
At cost:		
Land .....	9,879	9,879
Buildings and improvements .....	2,577,247	2,590,822
Machinery, equipment and tooling .....	1,050,291	1,178,430
	<u>3,637,417</u>	<u>3,779,131</u>
Less allowances for depreciation .....	2,373,187	2,432,001
	<u>1,264,230</u>	<u>1,347,130</u>
<b>INTANGIBLE ASSETS</b> .....	<u>1</u>	<u>1</u>
	<u>\$6,490,678</u>	<u>\$6,315,208</u>

### **LIABILITIES AND SHAREHOLDERS' EQUITY**

	<b>September 30,</b>	
	<b>1971</b>	<b>1970</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges .....	\$ 141,628	\$ 254,575
Employee compensation and taxes withheld therefrom .....	40,040	23,146
Taxes other than taxes on income .....	115,116	5,246
Due to affiliated companies .....	638,272	344,489
<b>TOTAL CURRENT LIABILITIES</b>	<u>935,056</u>	<u>627,456</u>
<b>PROVISION FOR WARRANTY</b>	—	60,111
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock, no par value:		
Authorized 800,000 shares; issued 400,000 shares .....	500,000	500,000
Retained earnings .....	5,055,622	5,127,641
	<u>5,555,622</u>	<u>5,627,641</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES — Note 5</b> .....	<u>\$6,490,678</u>	<u>\$6,315,208</u>

*Approved on Behalf of the Board:*  
P. F. SALIPANTE, Director  
W. H. JOHNSON, Director

*See accompanying notes which are part of the consolidated financial statements.*

# ***Kelvinator* OF CANADA LIMITED**

and its wholly-owned subsidiary companies

## **STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 1971**

(with comparative amounts for the year ended September 30, 1970)

	Year ended September 30,	
	1971	1970
Net earnings before undernoted expenses — Note 2 .....	\$1,097,353	\$ 980,586
Selling and administrative expenses — Note 6 .....	1,091,149	1,365,834
INCOME (LOSS) BEFORE TAXES ON INCOME AND EXTRAORDINARY ITEM	6,204	(385,248)
Deferred income tax applicable to prior years .....	—	83,000
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	6,204	(468,248)
Extraordinary item:		
Cost of maintaining idle plant (net of rental income in 1971) .....	78,223	306,283
NET LOSS FOR THE YEAR	\$ (72,019)	\$ (774,531)

Operations have been charged with depreciation  
of \$113,680 in 1971 and \$113,801 in 1970.

*See accompanying notes which are part of the consolidated financial statements.*

## **STATEMENT OF CONSOLIDATED RETAINED EARNINGS**

	Year ended September 30,	
	1971	1970
Retained earnings at beginning of year .....	\$5,127,641	\$5,902,172
Add prior years' overprovision for warranty and guaranteed service costs on products sold .....	—	372,872
Less deferred income taxes relating to warranty provision .....	—	(372,872)
	5,127,641	5,902,172
Less net loss for the year .....	72,019	774,531
RETAINED EARNINGS AT END OF YEAR	\$5,055,622	\$5,127,641

*See accompanying notes which are part of the consolidated financial statements.*



# ***Kelvinator* OF CANADA LIMITED**

and its wholly-owned subsidiary companies

## **STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 1971**

(with comparative amounts for the year ended September 30, 1970)

	<b>Year ended September 30,</b>	
	<b>1971</b>	<b>1970</b>
<b>SOURCE OF FUNDS</b>		
Disposal of equipment — net .....	\$ 11,604	\$ 19,922
From operations:		
Income (loss) before extraordinary item .....	6,204	(468,248)
Extraordinary loss .....	(78,223)	(306,283)
Depreciation and amortization of plant, equipment and tooling .....	113,680	113,801
	<u>41,661</u>	<u>(660,730)</u>
	53,265	(640,808)
<b>APPLICATION OF FUNDS</b>		
Additions to property, mainly products leased to customers .....	42,384	79,638
Payment of warranty costs .....	60,111	224,017
	<u>102,495</u>	<u>303,655</u>
DECREASE IN FUNDS FOR THE YEAR	<u>\$ 49,230</u>	<u>\$944,463</u>

*See accompanying notes which are part of the consolidated financial statements.*

## **AUDITORS' REPORT**

To the Shareholders,

Kelvinator of Canada Limited,

(A public company incorporated under the laws of Canada).

We have examined the consolidated financial statements of Kelvinator of Canada Limited and subsidiaries for the year ended September 30, 1971. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of operations and retained earnings and source and application of funds present fairly the consolidated financial position of Kelvinator of Canada Limited and its subsidiaries at September 30, 1971, and the consolidated results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec.  
January 15, 1972.

**ERNST & ERNST**  
*Chartered Accountants.*

# ***Kelvinator* OF CANADA LIMITED**

and its wholly-owned subsidiary companies

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 1971**

### **Note 1 — Principles of Consolidation**

The consolidated financial statements comprise the accounts of Kelvinator of Canada Limited and its wholly-owned subsidiaries, Kelvinator Sales Corporation Limited, Leonard Refrigerator Company of Canada Limited and Altorfer Bros. Company of Canada Limited. Inter company accounts and transactions have been eliminated.

### **Note 2 — Omission of Sales or Gross Revenue**

Omission from the financial statements of the disclosure of net sales for the year, the amount of which was .47% higher than the preceding year, has been authorized under the provisions of Section 129(3)(a) of the Canada Corporations Act.

### **Note 3 — Income Taxes**

Losses available to apply against future taxable income total approximately \$2,950,000 at September 30, 1971. In addition, undepreciated capital cost of assets, for income tax purposes, exceeds by approximately \$250,000 the undepreciated cost of assets shown on the balance sheet.

Included in income taxes recoverable is an amount of \$59,000 relating to an assessment disputed by a consolidated subsidiary.

### **Note 4 — Land, Buildings and Equipment**

The manufacturing facilities are not used in the Company's operations. A portion of land and buildings has been leased out at an annual rental of \$78,000 from February 1, 1971, through to April 30, 1977. An irrevocable option has been granted to the Lessee to purchase this property during the period of the lease for an amount in excess of the undepreciated cost. The remainder of the property has been put up for sale or lease.

### **Note 5 — Commitments and Contingent Liabilities**

Annual rentals payable under existing leases expiring at various dates between 1974 and 1977 approximate \$220,000.

Guarantees have been given with respect to customers' finance contracts outstanding in the amount of \$395,651.

### **Note 6 — Reclassification**

Certain expenses for the year totaling \$291,844 previously classified as selling, and administrative expenses are now classified as cost of products sold. Similar 1970 items have been reclassified to conform with this year's presentation.

### **Note 7 — Remuneration of Directors and Officers**

	<b>1971</b>		<b>1970</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
Directors	8	\$ 600	8	\$ 800
Officers	8	46,897	3	67,905
Officers who are also directors	3	—	1	—





 **Kelvinator**  
OF CANADA LIMITED

REFRIGERATORS • FREEZERS • RANGES • WASHERS • DRYERS • DISHWASHERS



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***Kelvinator***

OF CANADA LIMITED

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**INTERIM STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**MARCH 31, 1972**

**KELVINATOR OF CANADA LIMITED**  
and its wholly-owned subsidiary companies

**STATEMENT OF CONSOLIDATED NET INCOME**  
for the six months ended March 31, 1972  
(with comparative amounts for the six months ended March 31, 1971)

	<u>1972</u>	<u>1971</u>
Net earnings before undernoted expenses and income .....	\$ 721,003	\$ 369,337
Selling and administrative expenses .....	553,316	481,700
Operating Income (loss) .....	167,687	( 112,363)
Gain on disposal of property and assets .....	346	6,461
Extraordinary costs of maintaining idle plant .....	( 42,961)	( 122,361)
Net Income (loss) .....	<u>\$ 125,072</u>	<u>\$( 228,263)</u>

NOTE A : Omission from the financial statements of the disclosure of net sales for the six months, the amount of which was 62% higher than the six months ending March 31, 1971, has been authorized under the provisions of Section 129 (3) (a) of the Canada Corporations Act.

NOTE B : The above costs and expenses include depreciation of \$63,050 in 1972 and \$25,146 in 1971.

**STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS**  
for the six months ended March 31, 1972  
(with comparative amounts for the six months ended March 31, 1971)

	<u>1972</u>	<u>1971</u>
<b>Source of Funds</b>		
Operations:		
Net Income (loss) .....	\$ 125,072	\$( 228,263)
Depreciation and Amortization of plant, equipment and tooling .....	63,050	25,146
Increase (decrease) in provision for warranties .....	—	( 29,251)
	188,122	( 232,368)
Carrying value of property sold, less purchase of tooling .....	( 19,453)	12,508
	<u>168,669</u>	<u>( 219,860)</u>
<b>Application of Funds</b>		
Increase (decrease) in consolidated working capital .....	168,669	( 219,860)
Consolidated working capital at beginning of period .....	4,291,391	4,340,621
Consolidated working capital at end of period .....	<u>\$ 4,460,060</u>	<u>\$ 4,120,761</u>

These statements have been prepared without audit and are subject to year end adjustments.



**KELVINATOR OF CANADA LIMITED****INFORMATION CIRCULAR****SOLICITATION OF PROXIES**

This information circular is furnished in connection with the solicitation by the management of Kelvinator of Canada Limited of proxies to be used at the annual and special general meeting of shareholders of the Company to be held on March 15, 1972. It is expected that solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company. The costs of solicitation will be borne by the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors of the Company. **Each shareholder has the right to appoint a person to represent him at the meeting other than the person specified in the form of proxy.** Such right may be exercised either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company before the time of the meeting. The by-laws of the Company provide that a person appointed as a proxy must himself be a shareholder of the Company. A shareholder who has executed a proxy may revoke it at any time insofar as it has not been exercised.

**VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company now has outstanding 400,000 common shares without nominal or par value each carrying the right to one vote per share. All shareholders of record as of the time of the shareholders' meeting or any adjournment thereof are entitled to attend and vote, either in person or by proxy, the shares held by them.

White Consolidated Industries, Inc. now beneficially owns indirectly (through its subsidiary Kelvinator International Corporation) 299,047 common shares or about 74.8% of the outstanding common shares.

**BY-LAW No. 22****relating generally to the transaction of the business and affairs of the Company**

On February the 9th, 1972, the Board of Directors of the Company passed By-law No. 22 which relates generally to the transaction of the business and affairs of the Company and which repeals former By-law No. 1, being the former governing by-law of the Company.

Shareholders will be asked to pass a resolution approving the aforesaid by-law which will be read at the Annual Meeting, but which may be inspected at the Head Office of the Company, or a copy will be sent to any Shareholder upon request in writing, or by telephone.

## **SALES OR GROSS OPERATING REVENUE**

By Order of the Supreme Court of Ontario, the Company was authorized to omit from the financial statement to be laid before the meeting of shareholders to be held March 15, 1972 and from the interim financial statement for the six month period ending March 31, 1972, the amount of sales or gross operating revenue derived from the operations of the Company on the basis that such disclosure would be detrimental to the interests of the Company provided that:

- (a) at such meeting the shareholders of the Company by an affirmative vote of two-thirds of the votes cast, shall have adopted a resolution expressing their consent to the omission of information as to sales or gross operating revenue from the aforesaid financial statements and if such resolution is not carried by at least two-thirds of the votes cast, the Company shall disclose the information at the meeting, and thereafter divulge such figures in the financial statements of the Company; and
- (b) the interim financial statement and statement of profit and loss shall contain a note attached to the said statements reporting on the percentage increase or decrease of sales or gross operating revenue over the period covered by the previous comparable statements, the said note to be subject to the annual audit of the Company in the same manner as the financial statement.

**Proxies in favour of management nominees will be voted where a choice is specified with respect to the resolution in accordance with the specification made and, in the absence of a specification, will be voted in favour of the resolution.**



## ELECTION OF DIRECTORS

Proxies in favour of management nominees will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the by-laws of the Company, serve until the next annual meeting of shareholders or unless or until their successors are appointed in accordance with such by-laws.

The persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments for the five preceding years, the year in which they became directors of the Company, and the approximate number of shares of the Company beneficially owned directly or indirectly by them as of February 9, 1972.

	Became Director	Common Shares
Angus Dunbar, Q.C. of Guelph, Ontario is senior partner in the law firm of Dunbar, Goetz & Dunbar.	1969	5
Roy H. Holdt of Cleveland, Ohio, is a Director and Executive Vice-President of White Consolidated Industries, Inc. a widely diversified manufacturer. Previous to July 1969, he was Senior Vice-President, and, between 1964 and 1967, he was Vice-President Finance for the same company.	1971	1*
William H. Johnson of Cleveland, Ohio, is a director and President of White Consolidated Industries, Inc., and previous to July 1969, he was Executive Vice-President of the same company.	1968	1*
James M. Porter of Cleveland, Ohio, is a partner in the law firm of Squire, Sanders & Dempsey and has practiced law with that firm and a predecessor firm.	1968	1*
Derek Powell of Toronto, Ontario, is Vice President and General Manager of the Company. Previous to June 1970, he was Director of Marketing for F. Manley & Sons, Ltd., a power equipment distributor and previous to April 1969, was Executive Vice President of General Freezer Ltd., an appliance manufacturer.		
Edward S. Reddig of Cleveland, Ohio, is a director and Chairman of White Consolidated Industries, Inc., and previous to July 1969, he was President of the same company.	1968	1*
Paul F. Salipante of Kitchener, Ontario, has been President of the Company since March 1971. He has been a group Vice-President of White Consolidated Industries, Inc. since July 1969, and President of Franklin Manufacturing Company (Canada) Ltd., manufacturers of appliances, since May 1968. Previously he was Vice-President of Scott & Williams, Inc., Laconia, New Hampshire, manufacturers of textile machinery.	1968	1*
Ward Smith of Cleveland, Ohio, has been a Senior Vice-President of White Consolidated Industries, Inc. since July 1969. First employed in January 1966, becoming Secretary in March 1966 and Vice-President in 1967. Previously, he was Clerk, Secretary and Counsel of Whitin Machine Works, Whitinsville, Massachusetts, a manufacturer of textile preparatory machinery.	1968	1*

\*Beneficially owned by Kelvinator International Corporation.

## **APPOINTMENT OF AUDITORS**

Proxies in favour of management nominees will be voted to reappoint the firm of Messrs. Ernst & Ernst, who are the auditors of the Company, to hold office as auditors of the Company until the next annual meeting of shareholders and to authorize the directors of the Company to fix their remuneration.

## **EXERCISE OF DISCRETION BY PROXIES**

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. The management of the Company is not aware of such amendments or variations or of matters to come before the meeting other than those identified in the notice of meeting.

DATED as of February 14, 1972.

BY ORDER OF THE BOARD.

**PAUL F. SALIPANTE**  
President